The investment required per MW for power generating capacity varies depending on type of the project and among the same type of the projects it varies dependig on the location, distance from the fuel source, unit size etc. Similar is the position regarding energy efficiency and demand side management measures. The present policy does not preclude participation of private sector in the renovation and modernisation and other energy efficiency measures to supplement the efforts of the public sector.

Counter Guarantees to foreign Investors

1045. SHRI RAMACHANDRAN DILLAI:
SHRI MD. SALIM:

Will the Minisr of POWER be pleased to state

(a) what is the present policy of issuing counter guarantees by Government to the new power projects with foreign investement, the details thereof; and

(b) whether Government are in a position to recover the amount from the State Governments against the counter guarantees?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) (a) It has been decided to extend the Government of India counter guarantee for the State Government guarantee for the State Electricity Boards' payment obligations to the private generating companies in case of 8 out of initial 9 projects cleared from foreign investment angle.

(b) Yes, Sir.

Setting up of power plants

1046. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of POWER be pleased to state:

(a) whether Government propose to set up power plants based on the need to avoid loss in transmission of power, theft of power and shut down of big power plants, districts-wise; and

(b) whether any study has been made that if need based power plants are set up district-wise it will be cheaper and it will boost agriculture and industry of the respective States, if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) and (b) Thermal power plants, particularly by Central under takings are set up at pithead or load centres depending upon various techno-economic considerations including the availability of land, fuel, water and power evacuation facilities. While smaller projects to meet local needs could help in reducing the transmission losses, the adventeges available in setting up generating stations at pit heads and economics of scale arising from setting up larger projects would not be available.

Return on equity to new power projects

1047. SHRI RAMACHANDRAN PILLAI: Will the Minister of POWER be pleased to state:

(a) what is the basis for fixing 16% return on equity (ROE) for new power projects;

(b) when was it decided and at what level;

(c) whether the State Govrnments were involved in taking this decision, if so, when had such consultation taken place and what were

the views of different State Governments on the issue; and

(d) whether this facility of return on equity is also guaranteed to foreign supplied power projects in States or will depend on case to case?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P.V. RANGAYYA NAIDU): (a) to (c) In the context of acute power shortage and severe resource crunch in the public sector, participation of private sector in the capacity addition in generation, supply and distribution to bring in additionality of resources, necessary, legislative amendments to the Electricity supply Act, 1948 and Indian Electricity Act, 1910 were made in October 1991 which permitted generating companies in the private sector.

Prior to the necessary legislative amendments, State Governments were consulted on the subject. The amendments were carried out after the approval of the Parliament. The amendments, *inter alia* provided a rate of return of 5% above the RBI rate for licenses (which 2 worked out to 16% at that time) and also empowered the Central Government to notify from time to time the operational norms, rates of depreciation reasonable return etc. for determining the tariff for sale of electricity by a generating company to the Board, While fixing a reasonable return for generating companies, the incentive provided to the licensees was taken as a basis and a 16% ROE was provided as an element of fixed cost at 68.5% PLF.

(d) The provision of 16% return on equity is equally applicable to all the projects set up by the generating companies both in public and private sector after 30-3-1992.

Kahalgaon super thermal station

1048. SHRI DIPANKAR MUKHERJEE:
SHRIMATI CHANDRA KALA PANDEY:

Will the Minister of POWER be pleased to state:

(a) what was the schedule of completion of coal firing of Units I, II, III and IV of Kahalgaon Super Thermal Station of NTPC;

(b) when did the coal firing atually commence in units I and II and the reasons for the delay if any, and the agency accountable therefor;

(c) what are the likely dates of coal firing of units III and IV; and

(d) what has been the finding of the enquiry committee in the explosion of boiler of Unit I in September 1992 leading to loss of 11 lives?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P.V. RANGAYYA NAIDU): (a) The Kahalgaon Thermal Power Project (stage-I) of the National Thermal Power Corporation (NTPC) in Bhgalpur district of Bihar comprises four units of 210 MW each. These units were scheduled to be commissioned in a phased manner starting from first unit by 4th quarter 1991-92 and the last unit by second quarter 1993-94.

(b) The actual commencement of coal firing of unit I and II was on the 18th August, 1994 and 30th November, 1994 respectively.

The project was being built with technical and financial assistance from the erstwhile U.S.S.R. The delay and distruption in supply of equipment and material under the arrangements as originally envisaged consequent on the break up of this erstwhile USSR accident in boiler of Unit I in Octo-